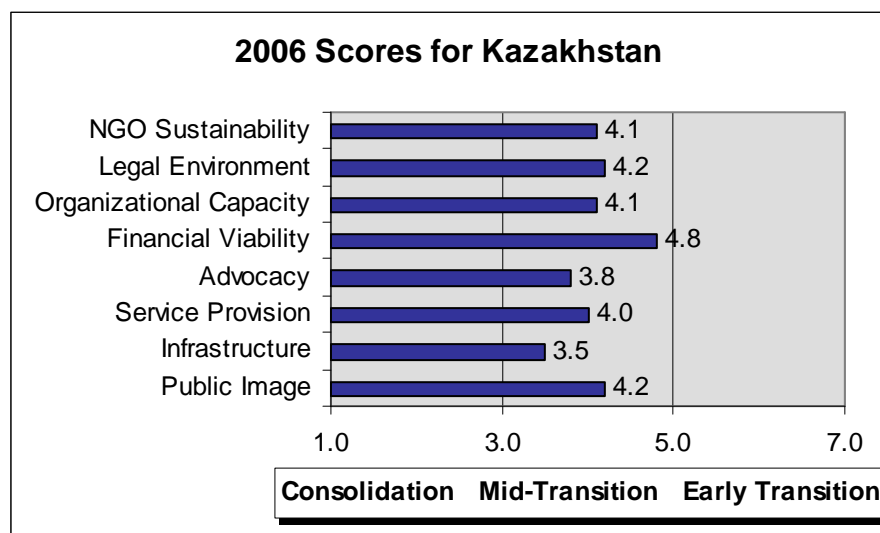


Kazakhstan



Capital: Astana

Polity: Republic-authoritarian presidential rule

Population:

15,233,244

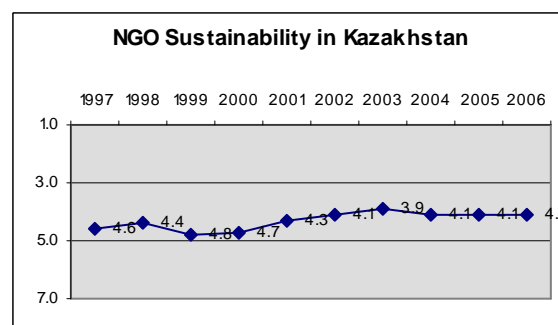
GDP per capita (PPP): \$9,100

NGO SUSTAINABILITY: 4.1

The Ministry of Justice reports that as of April 2006, 25,868 private, not-for-profit organizations were registered in Kazakhstan. The NGO sector includes a wide variety of organizations including agricultural partnerships, notary chambers, consumer's cooperatives, religious associations, and rural consumer's cooperatives such as water cooperatives, housing and building cooperatives, and others. The most popular legal form of NGO is the public citizen's association, which continues to increase in number and accounts for the overall increase of the total number of NGOs. The second most popular legal form of NGO is the foundation. Overall, the number of active NGOs is approximately 1000, the same as last year.

Over the past several years, the Government hosted two Civic Forums, in which President Nazarbaev outlined the importance of partnerships with NGOs and encouraged State entities to cooperate with the NGO sector. In July 2006, the State adopted the Concept of Civil Society Development to guide future relationships between NGOs and the government. Some believe this to be an attempt by the government to limit the role of

civil society organizations as service providers and advocates.



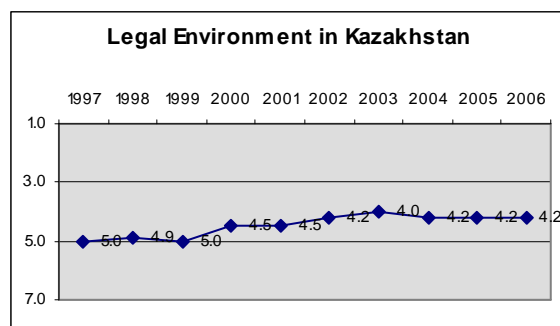
Over the past year, the government promoted state orders, which are state contracts with NGOs for social services. In addition, government officials sought assistance from international organizations to improve the legal framework governing civil society organizations and state funding. The government is now considering a series of reforms to improve the legal framework, including amendments to the Constitution, the law on self-government, law on sponsorship and patronage, and the tax laws. NGOs rely less on international donors, who have gradually reduced their support; instead, they more actively compete for state contracts. While this is may be a positive step, it may adversely affect new NGOs, since the

government does not fund institutional

development.

LEGAL ENVIRONMENT: 4.2

The legal framework regulating NGOs has improved over the past year. Since January 2006, the registration fee for NGOs was reduced from 20,000 tenge (US \$160) to 7,600 tenge (US \$60). This change, along with the country's economic growth, made the registration process more affordable. NGOs in the regions may still have difficulties registering due to logistics such as the lack of a notary's office in the village or rayon, and other non-political or economic issues. Amendments to the National Security legislation require NGOs to report all expenses using a form that has 27 appendices. The Tax Agency is now responsible for monitoring the implementation of the law, taking over the task from the Ministry of Justice, which was more prone to apply the provision in a more political manner.



Over the past year, government officials generally did not abuse their authority to further their own political interests. In one exception, officials subjected political parties and independent media outlets to some abuse, and a few religious organizations were denied official registration for causing problems for the government.

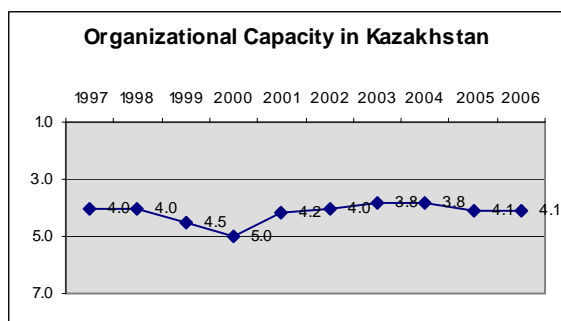
The number of attorneys that specialize in NGO law continues to grow. Access to free legal services, however, is only available with support of international donors. NGOs are still unable to pay for such services and as funding decreases, NGOs use legal services less frequently.

NGOs are exempt from paying taxes and the regulation of tax privileges has improved gradually. Organizations are required by law to pay income tax on income earned from their economic activities. Beginning in January 2007, however, funds received under state contracts will be exempt from corporate income tax and VAT. NGOs that provide services to specific social groups, such as groups of invalids, are also exempt from paying income tax on their economic activities, though it is difficult to obtain the status necessary to be exempt.

ORGANIZATIONAL CAPACITY: 4.1

In the past, the international donor community invested a significant amount of resources in developing the organizational capacity of the NGO sector. Many active organizations still conduct strategic planning, and have strong constituencies and well-defined missions that guide their activities. Some NGOs that were created recently to receive state contracts, however, make no effort to build constituencies or develop their capacity for strategic planning. International donors are gradually reducing their support for organizational capacity development, and the State will only fund specific project activities.

Only a few organizations have boards of directors, and those that do created them to meet the requirements of international donors. At times, NGOs adopt standard charters that include boards of directors, but they fail to understand the importance of their boards and frequently let them dissolve. Boards of organizations are unpopular with local organizations in part because businessmen, politicians and celebrities that often sit on Boards fail to understand the role of NGOs and do not consider it an honor to be on a board.



NGOs generally have both volunteers and paid staff. The NGO community is experiencing significant “brain drain,” as specialists, accountants in particular, leave for jobs in other sectors. Though volunteers are available and support NGOs, Kazakhstan lacks a culture of volunteerism. NGOs continue to view volunteers as free labor rather than an opportunity to access professional services.

FINANCIAL VIABILITY: 4.8

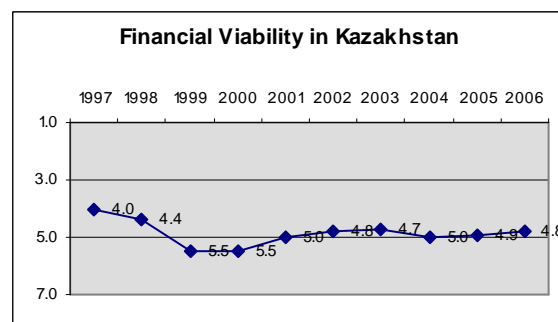
The government recently issued State orders to minimize the influence of international donors. International donors continue to be the largest grant providers in Kazakhstan, though their role has gradually decreased. NGOs are able to participate in state tenders and receive support from the government. The legal framework does not create any clear mechanisms for allocating state funds to NGOs or providing state contracts, and state support depends on the political will of the President. Without the President’s approval, NGOs may lose state funding. The process for issuing contracts is less than transparent and some organizations report that government officials often demand “kickbacks.” NGOs are able to receive other types of contracts for social services, though they have to make a deposit of 3% of the amount of the contract or a guarantee from the bank. NGOs at times lack the resources to pay the deposit and therefore prefer to participate only in State contracts for social services.

Currently, NGOs tend to rely on government funding rather than develop entrepreneurial skills, and local philanthropy continues to be relatively weak. The survey conducted by the

The AGRO Association surveyed the 77 leading civil society organizations in Kazakhstan and found that 85% use volunteers. Of those organizations surveyed, 44% experienced an increase in volunteer staff and 13% experienced a decrease. Among the volunteers, 37% are students and 27% are beneficiaries of the organization’s activities.

NGOs generally have the equipment necessary to complete their work. Most organizations received their equipment under grants from international donors. As the international community makes fewer funds available for equipment and other costs, office equipment is becoming outdated. The State usually does not provide funding to upgrade office equipment.

ARGO Association found that 64.3% of the resources of the leading 77 organizations are from international donors; the same is true for many other NGOs. Despite their dependence on international donors, NGOs are making an effort to diversify their funding by providing services for fees and securing state funding, which account for 10.1% and 9.7% of NGO income respectively. The Water User’s Associations, professional associations, and other organizations, collect membership fees but they do not contribute a significant amount to the financial sustainability of these organizations.



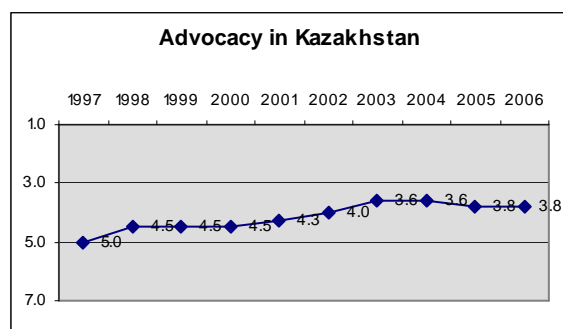
In 2004, the government repealed the requirement that NGOs account for their non-profit and for-profit activities separately. This

year the government reinstated the requirement, and in January 2007, NGOs will have to begin keeping separate books for their different activities. As a result, NGOs will again be able to avoid paying tax on income from

their grants. NGOs generally do not publish financial reports and transparency is uncommon. Audits are expensive and it is infrequent that NGOs use them.

ADVOCACY: 3.8

Cooperation between the government and NGO sectors improved over the past year. Government ministries and departments of internal policies, which are responsible for collaborating with the third sector, are more open to consulting NGOs and frequently involve them in working groups.



NGO advocacy is generally reactive rather than pro-active in nature. The Fund of Tax Culture successfully lobbied the government to exempt state contracts for social services from the Corporate Income Tax. During the 2005

presidential elections, the Civil Society for Free and Fair Elections Program Coalition promoted a more informed process by: 1) increasing public knowledge; 2) publishing the position that each of the candidates took on specific policies and actions; 3) facilitating dialogue between candidates and citizens; 4) promoting civic responsibility; and 5) strengthening the role of civil society in the election process. The National Association of TV and Radio Broadcasters was unsuccessful in its effort to stop amendments to the Media Law that further restrict freedom of speech.

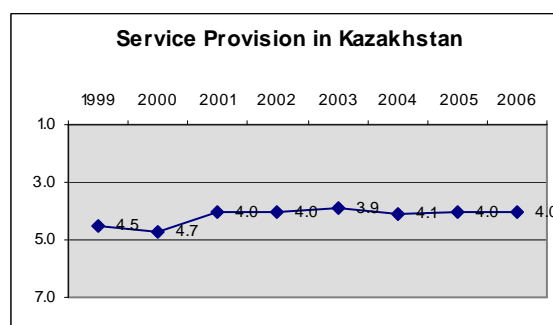
Some NGOs have training in advocacy, though many of them are passive and prefer not to be involved in political issues. NGOs continue to have difficulties lobbying government officials and have limited access to political decision makers. When necessary, NGOs use the internet, list serves, and other means of communication, as well as personal relationships with government officials, to further their advocacy efforts.

SERVICE PROVISION: 4.0

NGOs provide a wider variety of services than they have in past years, but are still unable to satisfy demand. They provide services in areas such as health care, environmental protection, support for the disabled, education, and others. Some organizations provide specific services such as teaching the Kazakh language.

Generally, only the few NGOs that provide services for a fee are able to recover their costs. This is uncommon, however, and limited to well established organizations that are paid to provide training or workshops for businesses or government officials. The government often

recognizes the value that NGOs add when they provide basic social services.

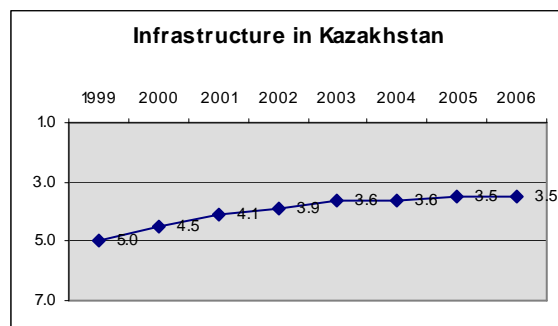


Several groups provide political analysis and research on civil society related issues. Though

organizations and community groups often lack the resources to conduct large-scale market research, they use other means to identify the needs of their constituencies and receive

feedback from their clients. Many use, for example, the Participatory Community Appraisal Technique, Appreciative Inquire Technique, and others.

INFRASTRUCTURE: 3.5



The Association of Civil Society Support Centers funded by USAID continues to provide technical assistance to NGOs. Domestic corporations have created a few local funds for civil society organizations, such as the Kazakommertzbank Fund. In addition, a number of local politicians and civic activists created the Civil Society Fund, which provides grants to civil society projects that are co-sponsored with other donors.

NGOs have the resources necessary to exchange information. Many have access to the

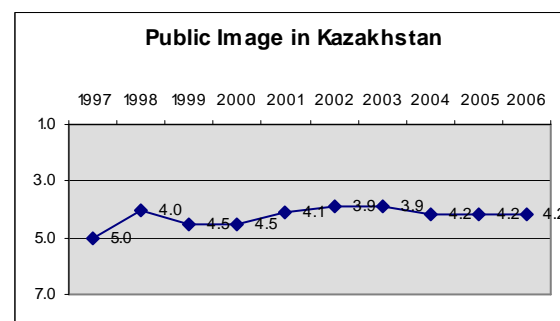
internet as well as email and list serves. The National Government of Kazakhstan announced interest in creating an “e-government,” and a large number of agencies, ministries, and akimats now have their own websites.

Every region in Kazakhstan has a cadre of professional trainers, though a decrease in international support for training has resulted in a decreased demand for trainers. A few organizations are willing to pay for seminars, but it is uncommon, and at times, the business community and government agencies use trainers from the NGO community. More organizations are aware of the advantages of forming social partnerships, and such networks are becoming more successful. The Civic Alliance, for example, is a coalition of unions that has been established in almost every region. The Association of NGOs in Kustanai continues to operate as an intermediary and distributes funds received from the business community to civil society organizations.

PUBLIC IMAGE: 4.2

Numerous NGOs took an active role in the December 2005 presidential elections, which led some in the mass media to publish negative stories about NGOs. The bad press endured for only a short period following the elections. Some NGOs, such as the League of Consumers’ Rights Protection, frequently appear on television. One estimate states that NGOs organize up to 50% of all press conferences in Kazakhstan, though the major media outlets generally boycott press conferences that have negative political ramifications. Research conducted by the ARGO Association found that 63% of the leading 77 organizations state that the press regularly reports on their activities,

while 31% state that the press covers only their key activities.



Only a few NGOs have Codes of Ethics. Of those that have a Code of Ethics, most were required to adopt one by their donors. NGOs

lack transparency, especially in their financial reporting, and most do not publish their financial reports, though they are required to do so by law. Similarly, NGOs still lack strong financial management skills.

According to a USAID-funded poll taken in October 2006, approximately 31% of the

population is aware of the NGO community, and 3% reported being a member of an NGO. This was a decrease over last year, in which 38% were aware of NGOs and 4.2% were members. The image of NGOs as “money-takers” did not change over the past year, though they are now seen as taking money from the government instead of international donors.